

MINUTES

Meeting of July 24, 2007
Kenneth Hahn Hall of Administration, Room 374-A
500 West Temple Street, Los Angeles, CA 90012

Commissioners Present: Barry R. Binder Esq., Bob L. Blake, Glenn S. Brown J.D., William K. Callagy, Helene S. Lohr, LUTCF, Scott J. Svonkin

Commissioners Absent: Michael G. Cheung, Daniel Falcon, Patricia Torres Esq., Steve Vicencia, CPCU

CALL TO ORDER

Chairman Svonkin called the meeting to order at 10:15 a.m.

APPROVAL OF MAY 10, 2007 MEETING MINUTES

On motion of Commissioner Binder, seconded by Commissioner Lohr and unanimously carried, the May 10, 2007 meeting minutes were approved.

CHAIRMAN'S REPORT

Chairman Svonkin reported on the following updates:

- Lisa Girion, Los Angeles Times, has written articles exposing the issues of healthcare/medical coverage policy cancellations;

Chairman Svonkin commended Lisa Girion on her efforts.

- AB 1324 authored by Assembly Member De La Torre addresses the rescission issue;
- Invited to testify in Sacramento; and the State Department of Insurance recently released a report on Blue Cross Life and Health.

Following discussion, Chairman Svonkin summarized AB 1324; insurance companies will allow for immediate referrals/approvals, and any emergent care.

- AB 8 will bring negotiated changes; the County does not have a position on this bill;

Chairman Svonkin encouraged the Commission to review AB 8 and bring forward any concerns and/or suggestions that may be in the best interest for the residents of LA County.

Following discussion, the Commission agreed to agendaize a discussion about the federal poverty level (\$49,300 for a family of 3) and related issues in association with AB 8.

Chairman Svonkin commended Commissioner Callagy for initiating discussion regarding these health care issues.

STAFF REPORT

Lee Millen, Senior Staff, reported the following:

- TRIA, et al., updates – copies of updated status were provided;
- Commission's Sub-Committee participation – updated roster was provided;

Chairman Svonkin encouraged the Commissioners to meet at least once annually; he suggested discussion about meeting dates.

- Board letter requesting authorization to disseminate information regarding a targeted Sudan divestment forwarded to Aliza Katz, Chief Deputy, Supervisor Yaroslavsky's office;

Chairman Svonkin agreed to contact Alisa Katz regarding Board approval.

- Commission meeting dates for 2007;

Following discussion, the Commission unanimously agreed to move the next meeting date of September 25, 2007, to **September 20, 2007**.

- Invitation to Insurance Commissioner Steve Poizner;

Following discussion, the Commission agreed to request a personal appearance by Commissioner Poizner and secure convenient dates for his availability. [Commissioner Poizner's office contacted and awaiting response]

- Public Health Notice regarding Los Angeles County Food Policy; County will make available healthy foods and promote wellness [copy of notice provided];

The Commission commended the CEO's office for their efforts to promote wellness and good health.

- Mandatory Diversity Training and Sexual Harassment Training;

Staff was directed to apprise the Commission of training, and determine if any applicable training equivalency would suffice.

- Legislation Website – Staff will provide any related links [ceo.lacounty.gov];

Chairman Svonkin expressed concerns regarding the Commission's website (lacic.org), and as to whether related e-mail is being forwarded to Commissioners. [e-mails received; format and data changes initiated]

DISCUSSION ABOUT IDENTITY THEFT RELATED TO INSURANCE RECORDS

The Commission welcomed Mr. James Mackey and Ms. Tanya Mackey, Pre-Paid Legal Services, Inc.

Chairman Svonkin noted that identity theft (credit, medical records, etc.) is prevalent and highlighted its consequences and the importance of prevention.

Mr. Mackey thanked the Commission for the invitation. He referenced a Los Angeles Times article that highlighted a "security breach" that took place with a defense contractor; consequently this company was obligated to notify 580 thousand households about the theft of their personal information (estimated cost in damages could be from \$7 million to \$10 million, not including credit restoration). Identity theft is considered the crime of the century and experiencing a "security breach" was the foundation for this presentation.

Identity theft is not just about credit cards and/or a financial crime. The five most common types of identity theft are: 1) Driver License (could result in traffic violations and/or arrest warrants); 2) Social Security (for working purposes and could cause income tax fraud); 3) Medical Records (could be used for medical services and prescriptions – this record cannot be deleted and could result in conflicting medication); 4) Character/Criminal (could be used by a criminal to evade arrest); and, 5) Financial (used to obtain money, goods or services). Also Visa does not indemnify consumers if the card purchase was processed outside their network; and MasterCard does not indemnify consumers on unauthorized use in a one-year period.

Mr. Mackey reported that 50 million individuals have personal information that has been exposed to strangers as of 2005; and the average ratio of potential victims of identity theft is 1 in every 4. Identity theft is rapidly growing and is now an international concern; identity theft criminals are increasingly creative. The following are some known and available methods used to steal personal information and identities:

- Dumpster Diving: (Looking for useful data such as current address/billing information);
- Shoulder Surfing: (Looking over someone's shoulder that's conducting a confidential transaction, i.e., entering a pin-number);
- Social Engineering: (When stolen information is used to gather further information such as a stolen credit card number);
- Mail theft: (Theft of personal mail left in mail boxes);
- Phishing and Pharming: (Bogus e-mail and website forms that request personal information); and

- Skimming: (Swiping a magstrip-card through a programmed-to-steal information reader).

The general scope of this problem is that personal information can be readily accessed; the following are examples of 10 things that anyone can find out:

1. Current and/or previous address (from the U.S. Postal Service and credit bureaus);
2. Criminal Convictions (from court records);
3. Any professional licenses (from licensing agencies);
4. Filed any lawsuits or been a defendant in a lawsuit (from court records);
5. Any speeding tickets, DUI convictions or other negative marks on driving record (from the DMV);
6. Ownership of cars, trucks, boats and planes (DMV);
7. Any bankruptcy or liens against property (from court records);
8. Pledges for collateral, bank loans (from Universal Commercial Code filings, usually in County Recorder's office);
9. Real estate ownership and how much paid (from County tax records); and
10. Any arrest warrants (from court records and/or police agencies).

Mr. Mackey further reported that a risk of experiencing a "security breach" regarding names, addresses, social security numbers and birth-dates, *also includes coded health information*. He emphasized that with the growing threats of identity theft all consumers need to be alert and proactive in protecting themselves to lower the odds of being victimized.

The following statistics were reported:

- According to the 2005 Identity Fraud Survey Report – released by the Better Business Bureau and Javelin Strategy & Research as an update of the Federal Trade Commission's 2003 Identity Theft Survey Report – the annual dollar volume of identity fraud is close to \$52.6 billion (2003 figure);
- Federal Trade Commission's Chairwoman, Deborah Platt Majoras, reported that over a recent years time, nearly 10 million people (4.6 percent of the adult population) were victims of some form of identity theft; and
- The most recent survey by Deloitte & Touche, LLP, and Privacy & American Business (a publication of the Center for Social & Legal Research) released in June 2005, states that 20 percent of the claims have been victims of identity theft.

The most recent study from the Identity Theft Resource Center (a national non-profit organization based in San Diego, CA) focuses exclusively on identity theft and reveals that victims can expect an average of at least 600 hours, and a minimum of \$1,200 in recovering from this crime.

Identity theft is America's fastest growing white-collar crime with 27.3 million victims in the last five years; the annual cost to the victims is about \$5 billion; and this crime is now global. Mr. Mackey strongly suggested that all consumers explore their options for protection as the

increasing risk of experiencing the devastation of identity theft is unavoidable; a packet of information was distributed (copy on file).

The Commission thanked Mr. James Mackey and Ms. Tanya Mackey for their informative presentation.

**REVIEW AND TAKE ACTION ON STATE LEGISLATION RELATED TO
INSURANCE/HEALTH CARE ISSUES [PERATA SB 48; AND NUNEZ AB 8, ET.AL.]**

Following discussion regarding AB 1324, on motion of Commissioner Binder, seconded by Commissioner Brown and unanimously carried, correspondence will be mailed to Assembly Member De La Torre in support of his Bill and to Governor Arnold Schwarzenegger encouraging him to sign AB 1324 (Commission letter of support mailed).

Chairman Svonkin directed Staff (starting in February 2008) to e-mail monthly to each Commissioner a copy of the *health related legislation* that the County is supporting.

**DISCUSSION OF BOARD LETTER REGARDING SACRAMENTO VISIT FOR
RESEARCH/DATA GATHERING**

Following discussion, the Commission unanimously agreed to send a letter to the Board of Supervisors requesting approval regarding the Commission's Sacramento visit for research/data gathering, and that Commissioner Binder would draft correspondence informing Insurance Commissioner Poizner of the Commission's visit.

Chairman Svonkin directed Staff to draft a letter to the Board of Supervisors and include the Commission's purposes for this visit, i.e., universal healthcare; disaster/terrorism; homeowners insurance; and any other insurance related issues.

Additionally, travel should be scheduled next year in February 2008, between the 13th and the 20th (Tuesday or Wednesday), not to include any County holidays, and that the request for \$2,500 be allocated proportionately.

**DISCUSSION ABOUT WHAT THE INSURANCE INDUSTRY IS DOING TO GET
PROVIDERS IN UNDERSERVED AREAS**

The Commission agreed to move this item for discussion to the next regular meeting.

PUBLIC COMMENT

Commissioner Lohr reported that Farmer's Insurance (new-mid-century policies) include identity theft coverage; \$1,500 for indemnity; \$28,500 for restoration.

The Commission agreed to agendaize a discussion regarding guest invitations to Sub-Committee meetings.

MATTERS NOT POSTED ON THE AGENDA

There was none.

ADJOURNMENT

There being no further business and without objection, the meeting was adjourned at 11:55 a.m.

ATTENDANCE

Staff

Lee Millen, Senior Staff, Board of Supervisors
Gabriel Alexander, Staff, Board of Supervisors

Guests

James Mackey, Independent Associate, Pre-Paid Legal, Inc.
Tanya Mackey, Independent Associate, Pre-Paid Legal, Inc.